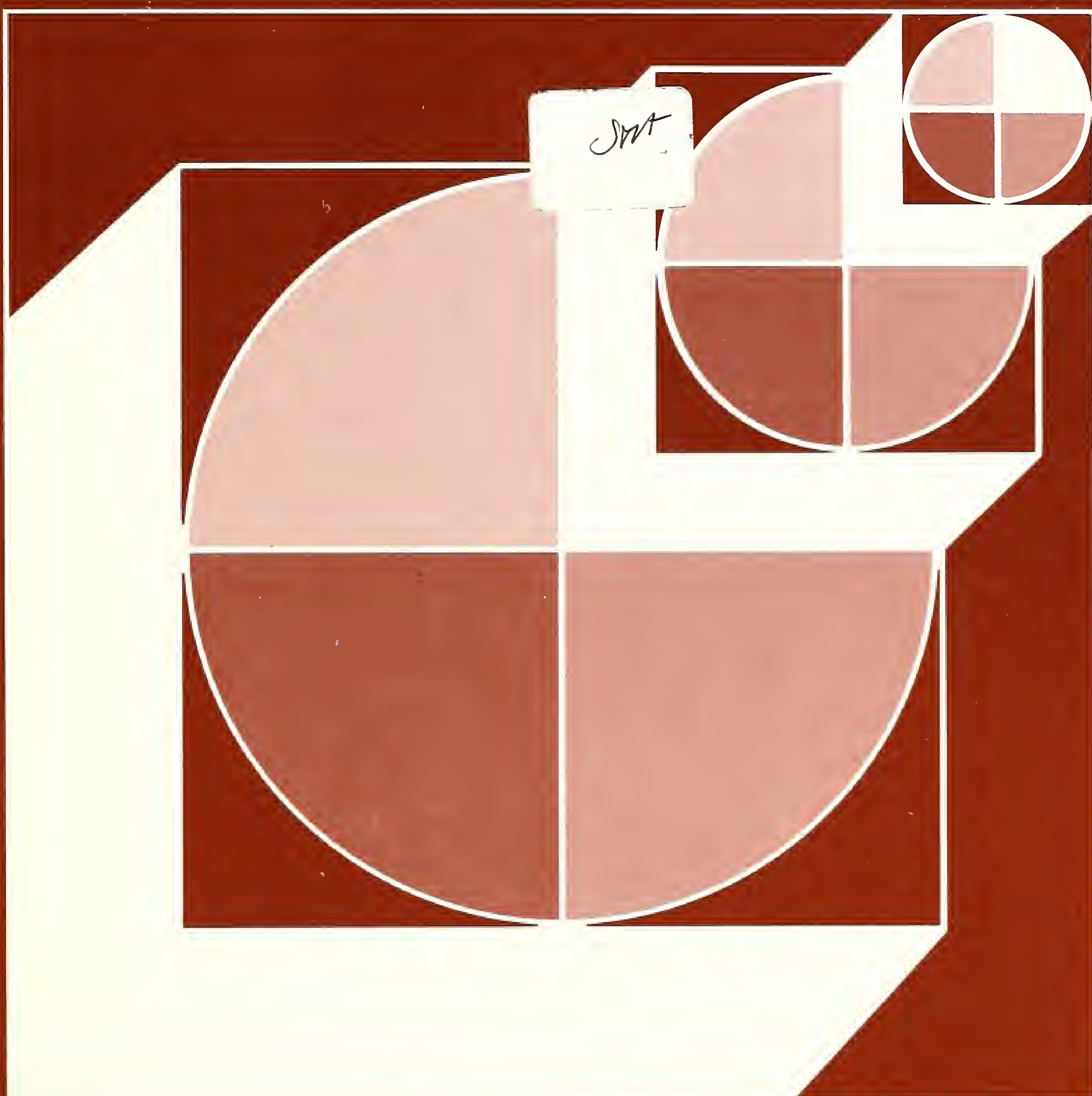
Family Economics Review

1990
Vol. 3 No. 4

United States
Department of
Agriculture

Agricultural
Research
Service



Family Economics Review

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Family Economics Review is written and published each quarter by the Family Economics Research Group, Beltsville Human Nutrition Research Center, Agricultural Research Service, United States Department of Agriculture, Washington, DC.

The Secretary of Agriculture has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department.

Family Economics Review is for sale by the Superintendent of Documents, U.S. Government Printing Office. Subscription price is $5 per year ($6.25 for foreign addresses). Single issues cost $2 each ($2.50 foreign). Send subscription orders, change of address, and single copy requests to Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. (See subscription form in back of this issue.)

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December 1990

Family Income and Expenditures of Married-Couple Families When One Spouse Is Not Employed

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This article examines how the nonemployment of either spouse, and their reason for not working in paid employment outside the home, affected 1987 family income and expenditures. Results show that approximately 1.7 million married-couple families were poor or near poor when at least one spouse was not employed. A descriptive comparison of different spousal employment patterns indicates that the greatest percentage of families in or near poverty were those with two nonemployed spouses or one spouse who was ill, disabled, unable to work, or who could not find work. Yet, the greatest number of poor and near poor married-couple families were those in traditional families, that is, husband employed–wife at home caring for the family (1.2 million). Results should provide family resource management professionals with a better understanding of married couples' financial status when one or both spouses are not employed.

When a person is not employed, the economic result is lost income for individuals and families. In 1987 approximately 31 percent of the 27.2 million married-couple families with spouse earners involved a nonemployed spouse.[1] The threat of lost income as a result of not working in paid employment outside the home has been, and will be, of concern to families, legislators, researchers, educators, and family service professionals (3,5). Family resource management professionals need to be aware of how, and to what extent, a nonemployed spouse affects family financial status.

This article focuses on married couples with at least one spouse who was not employed in the previous year, and examines how the nonemployment of either spouse, and the reason for not working, affected 1987 family income and expenditure patterns. Family profiles for four different scenarios are described and analyzed: (1) wife employed–husband not employed due to illness, disability, inability to work, or inability to find work; (2) husband employed–wife not employed due to illness, disability, inability to work, inability to find work, or because she was doing something else; (3) husband employed–wife not employed because she was at home caring for the family; and (4) both not employed.[2] A fifth group, dual-earner families, was examined for purpose of comparison, since it represents the employment status of a majority of married-couple families in the United States today. Specifically, this article addresses the question: Which married-couple families are most at risk of poverty, or financially vulnerable, when a spouse is not employed? Families financially at risk were defined as married-couple families with inadequate income to meet family needs as evidenced by: (1) one or both spouses not employed, (2) average annual family expenditures greater than average after-tax family income, or (3) income within 125 percent of the official Government poverty threshold.

Sample and Data

Data used in this study are from the interview component of the 1987 Consumer Expenditure Survey (CEX). Detailed information about household expenditures, income, and demographic characteristics has been collected quarterly since 1980 by the Bureau of the Census for the Bureau of Labor Statistics. A national probability sample of approximately 5,000 households, representative of the noninstitutional United States, is interviewed once per quarter for five consecutive quarters. After the final interview, households are dropped from the survey and replaced with new consumer units. This procedure results in a rotating sample with about one-fifth of the households replaced each quarter. The 1987 survey yielded a response rate of about 86 percent, for approximately 21,000 quarterly interviews.[3] To obtain annual family expenditure estimates, three months of household expenditure data were annualized by multiplying by four.

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[1]This differs from reports by the U.S. Department of Commerce, Bureau of the Census, which estimated that of the 51.5 million married-couple families in 1987, 33.8 million were families with earners (*2,3*). The difference is due to study sampling constraints (see text, p. 3 for details).

[2]A profile of employed wives–husbands not working because they were at home caring for the family could not be examined due to an insufficient number of cases for meaningful analysis (n = 38 unweighted and 156,512 weighted).

[3]Data were the most current available when this article was written. Because of the rotating panel design used for sampling purposes, data include expenditures made from January 1987 (reported in April 1987) through February 1988 (reported in March 1988).

Included in analysis were households with: (1) couples who were married and living together, with or without children, and (2) complete income records.[4] Excluded from analysis were married couples who were: (1) retired (one or both), (2) students (one or both), (3) not living together, (4) not the only family earners, and (5) with a husband at home caring for the family while the wife worked. Retirees and students (one or both spouses) were deleted from analysis to eliminate potential distortion in family financial status due to the special financial considerations of retirement and student living. Married couples not living together on a regular basis were excluded because of the unusual financial considerations associated with maintaining more than one household. Families with multiple earners, in addition to a husband or wife, were excluded because they may be temporary contributors to family income.

The final sample consisted of 6,519 consumer units,[5] including four groups of nonemployed spouses, and a dual-earner comparison group. The sample was weighted to represent the U.S. population of these married-couple families in 1987, slightly over 27 million households. Generalizations, of course, are limited to the sampling constraints defined in this study and enumerated above.

[4]The 1987 CEX data used in this study include only households with complete income records. The distinction between complete and incomplete income reporters is based on whether respondents provided values for major sources of income such as wages and salaries, self-employment income, and Social Security income. Even complete income reporters may not have provided a full accounting of all income from all sources.

[5]A consumer unit includes either all household members related by blood, marriage, adoption, or other legal arrangements; or, two or more persons living together who pool their income to make joint expenditure decisions. The terms 'consumer unit,' 'household,' and 'family' are used interchangeably in this article.

Because 1987 CEX data are cross-sectional rather than longitudinal, it was not possible to trace changes in family economic well-being for families moving from dual-earner into one-earner or nonearner status, or from short-term to long-term nonearner status. Thus, data are limited to describing family income and consumption patterns in 1987 for four family types, each with a spouse who was not employed in the previous 12 months.[6]

Demographic Profile of Married-Couple Families

Scenario 1: One-Earner Families. Wife Employed–Husband Ill, Disabled, Unable to Work, or Unable to Find Work. In 1987, 1.8 percent of all married couples with one or two spouse earners conformed to this scenario. Most husbands were not employed because they were ill, disabled, or otherwise could not work (88 percent) (see figure, p. 4). A majority of husbands were middle-aged or older, white, and had not graduated from high school (table 1, pp. 6 and 7). Wives of these nonemployed husbands were about the same age as their husbands; more educated; and working in white-collar, blue-collar, or service occupations.

Family size was 2.9 on average, with 0.7 children under age 18. Sixty-seven percent of the families were homeowners and 43 percent had a mortgage. Most, 71 percent, were living in urban areas.

Average before-tax income was $19,008 (table 2, p. 8), 52 percent lower than dual-earner family income. Per capita income comparisons supported this relationship with nonemployed-husband families' reporting before-tax income 49 percent lower than that of dual-earner families. Annual family expenditures were $19,348. Compared to dual-earner families in this sample, one-earner families with nonemployed husbands were older, more likely to be minorities, much less educated, more likely to live in rural areas, and more likely to own their own home—free and clear of mortgage debt. Annual expenditures in nonemployed-husband families were slightly higher than after-tax income, meaning this group did not appear to have savings.

[6]The 1987 Consumer Expenditure Survey instrument, Section 22 on Work Experience and Income, asks respondents, "What was the main reason you did not work during the past 12 months? Was it because you were ill, disabled, unable to work, taking care of home or family, going to school, unable to find work, retired, or doing something else?" Work experience information is recorded for each consumer unit member, age 14 or older.

When families were classified on the basis of 1987 U.S. poverty threshold criteria (*4*), 21 percent or approximately 1 in 5 families in this scenario were poor or near poor. Poor was defined as having annual money income at or below the official Government poverty threshold; near poor was defined as having annual money income between 100 and 125 percent of the poverty threshold.

Scenario 2: One-Earner Families. Husband Employed–Wife Ill, Disabled, Unable to Work, Unable to Find Work, or Doing Something Else. Compared with Scenario 1, a similar percentage of husband-wife families in the study fit this profile (1.8 percent). A majority of wives (78 percent) were not employed due to illness, disability, or because they could not work; however, 13 percent could not find work, and 9 percent reported they were doing something else. Wives were usually middle-age or older, white, and high school graduates. They were married to men about their same age. Husbands were slightly less educated in general, although more husbands than wives had graduated from college. A majority of husbands were working in blue-collar or white-collar occupations. Average family size was 2.5 persons. A majority of this group, 81 percent, owned a home and 51 percent had a mortgage. One-third of these families lived in rural areas.

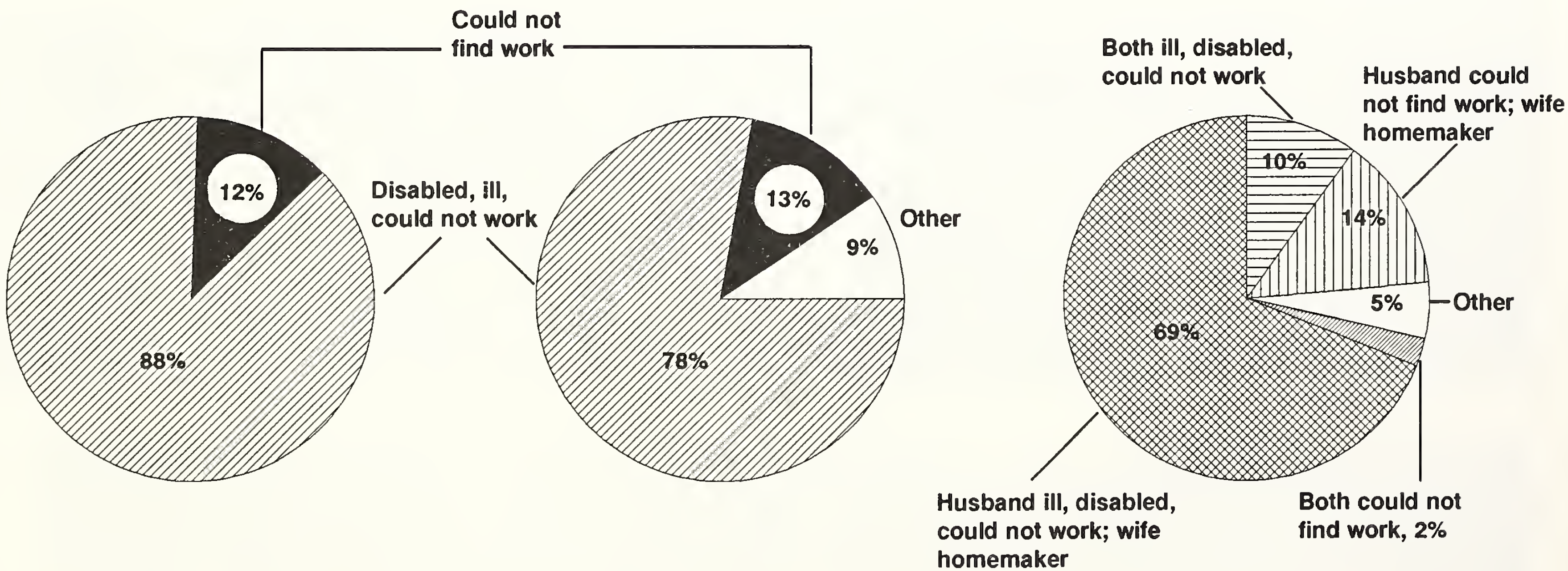
Average before-tax income was $25,459 with average annual expenditures of $21,574. Of the four family

Reasons for nonemployment in married-couple families, 1987

Scenario 1 — Reason husband not employed

Scenario 2 — Reason wife not employed[1]

Scenario 4 — Reason both husband and wife not employed



Scenario 1: Number of families: 479,675 — Percent of sample: 1.8%

Scenario 2: Number of families: 485,666 — Percent of sample: 1.8%

Scenario 4: Number of families: 618,249 — Percent of sample: 2.3%

[1]Excludes homemaker wife; scenario 3 includes families with employed husband, homemaker wife.

scenarios, and compared with dual-earner families, this group had the largest proportion of rural residents, homeowners, and self-employed. Annual before-tax income was 36 percent lower than that of dual-earner families. This income differential was less when per capita income was compared, 20 percent lower than dual-earner families. Since average before-tax income exceeded annual expenditures, nonemployed-wife families in this group did appear to have some savings. Classifying families on the basis of 1987 U.S. poverty threshold criteria, 23 percent or more than 1 in 5 of the families in this group were poor or near poor. This was a slightly higher percentage of poor than found in Scenario 1.

Scenario 3: One-Earner Families. Husband Employed–Wife Caring for Family. Of all married couples in the study, 24.8 percent lived in this "traditional" family arrangement (husband worked in paid employment; wife worked at home caring for family). A majority of husbands in this group were young, white, high school (33 percent) or college graduates (44 percent); and in white- (47 percent) or blue-collar occupations (34 percent). Wives fit a similar profile but were slightly more likely to be high school (44 percent), rather than college graduates (33 percent). Average family size was 3.4 persons with 1.3 children under age 18. Most of this group, 74 percent, owned their home and 52 percent had a mortgage. The majority lived in urban areas.

Before-tax income was $32,268 with annual expenditures of $26,290. Of the four family types, this group was most likely to be white, college-educated, and urban. They had the largest family size and received the highest income of the four family types. Before-tax income for traditional families was 19 percent lower than that of dual-earner families. This income gap was even greater when per capita income was examined. On a per capita basis, before-tax income in traditional families was 26 percent lower than in dual-earner families. Since after-tax income was slightly greater than expenditures, this group appeared to have some savings. However, about 17 percent or 1 in 6 families lived at or near the poverty level.

Scenario 4: Both Nonearners. Both spouses were not working in 2.3 percent of all married-couple families. Contrary to popular belief, most wives are not employed when their husbands are unemployed.[7] A majority (69 percent) of husbands who were ill, disabled, or unable to work, and 14 percent of husbands who could not find work, were married to homemakers. Only 10 percent of the families in this group involved couples who were both ill, disabled, or unable to find work. Slightly over half of the husbands and almost half of the wives in this group were over age 55. Only 34 percent of the husbands graduated from high school and 38 percent had an eighth grade education. Wives were more likely than their husbands to have graduated from high school (47 percent). Average family size was 2.9 persons with 0.8 children under age 18. Over half of the families were homeowners, and few (18 percent) had a mortgage. About three-quarters of nonearner couples lived in urban areas.

Before-tax income was $11,445 with average annual expenditures of $12,744. Income in this group was 71 percent lower than average annual before-tax income of dual-earner families. Notably, this scenario included the greatest proportion of minorities, couples over age 55, homeowners with a paid-up mortgage, and renters. Of the four family types, this group was the least educated. Families with nonearning spouses had the lowest before-tax income and spent the least of any family type studied. This relationship held when per capita income was examined. Because average expenditures were slightly higher than after-tax income, nonearner families did not appear to have savings. Families living at or near the poverty threshold comprised 57 percent of families in this group.

Family Income

When a spouse is not employed, families may use savings or government support income to economically survive a temporary income loss. Government support income may include unemployment insurance, workers' compensation, Veterans benefits, Social Security or Railroad Retirement,[8] Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI), or food stamps.

Dual-Earner Compared with Nonearner Married-Couples. The average annual income and sources of income for married-couple families varied by earner composition (husband, wife, both, neither) and employment status (not working, employed). Before-tax income of families in which both spouses were employed was more than three times that of families with two unemployed spouses ($39,654 compared with $11,445), even though the average household size for each family type was approximately three persons with one child under age 18. Per capita income comparisons supported this relationship.

Almost all dual-earner family income was from earnings (95 percent), with 2 percent from asset income, 1 percent from Social Security or Railroad Retirement, and 1 percent from pensions or annuities.

[7] Data in Scenario 1 showed that 479,675 married-couple families involved a nonemployed husband with an employed wife. By adding the total number of families with nonemployed husbands (479,675 + 618,249 = 1,097,924) and examining the percentage of wives who were employed when their husbands could not work (479,675 divided by 1,097,924 = 43.7 percent), results show that more than half of all wives (56.3 percent) did not work in paid employment outside the home when their husbands were ill, disabled, or could not find work.

[8] Social Security (OASDHI–Old Age, Survivors, Disability, and Health Insurance) and Railroad Retirement provide income to unemployed workers and their dependents in the event a worker is disabled (*3*).

Table 1. Demographic characteristics of married-couple families[1] by employment status, 1987

Personal characteristics	One-earner: Wife — Husband[2] unable to work	One-earner: Husband — Wife[2] unable to work	One-earner: Husband — Wife caring for family	No earners	Dual-earners
Scenario number	1	2	3	4	
Number of consumer units (weighted, in thousands)	480	486	6,729	618	18,841
Size of consumer unit	2.9	2.5	3.4	2.9	3.1
Number of children under 18 in consumer unit	.7	.4	1.3	.8	1.1
			Percent reporting[3]		
Age:					
Husband:					
<34	21.5	9.7	32.4	18.4	45.2
35 - 44	13.8	22.1	26.9	10.7	28.6
45 - 54	25.7	20.5	13.9	17.8	12.6
>55	39.1	47.6	26.8	53.2	13.6
Wife:					
<34	24.6	15.0	43.5	17.6	53.5
35 - 44	18.1	16.8	21.3	17.2	25.0
45 - 54	19.8	26.5	11.0	17.7	11.9
>55	37.5	41.7	24.3	47.4	9.6
Race:					
Husband:					
White	82.2	91.7	93.3	76.0	91.2
Black, Asian, American Indian	17.8	8.3	6.7	24.0	8.8
Wife:					
White	84.4	93.0	93.4	75.7	90.9
Black, Asian, American Indian	15.6	7.0	6.6	24.3	9.1
Education:					
Husband:					
Elementary	25.2	19.5	9.8	38.0	4.7
Some high school	27.2	16.7	12.7	28.0	9.5
High school graduate	32.3	31.8	33.3	22.3	32.7
College	15.3	31.9	44.2	11.7	53.0
Wife:					
Elementary	9.9	12.8	8.3	22.2	3.0
Some high school	16.0	9.6	15.0	31.0	7.1
High school graduate	63.9	49.3	44.0	37.8	38.3
College	10.3	28.3	32.7	8.9	51.6

See footnotes at end of table.

continued –

Table 1. Demographic characteristics of married-couple families[1] by employment status, 1987—continued

Personal characteristics	One-earner: Wife — Husband[2] unable to work	One-earner: Husband — Wife[2] unable to work	One-earner: Husband — Wife caring for family	No earners	Dual-earners
	Percent reporting[3]				
Occupation:					
Husband:					
White-collar[4]	*	27.7	46.7	*	49.5
Blue-collar[5]	*	50.5	34.5	*	33.8
Service	*	8.9	5.2	*	5.2
Self-employed	*	12.2	11.1	*	9.0
Farm and other[6]	*	.7	2.6	*	2.6
Wife:					
White-collar[4]	41.7	*	*	*	71.1
Blue-collar[5]	29.4	*	*	*	10.1
Service	27.6	*	*	*	11.5
Self-employed	1.4	*	*	*	6.2
Farm and other[6]	<1.0	*	*	*	1.0
Housing tenure:					
Homeowner with mortgage	43.0	51.2	51.9	18.0	60.6
Homeowner without mortgage	24.0	29.5	22.0	35.5	13.1
Renter and other	33.0	19.3	26.1	46.5	26.3
Region:					
Urban					
Northeast	10.3	17.6	19.4	23.3	15.4
South	8.9	12.8	19.1	14.8	20.0
Midwest	22.4	23.2	24.0	25.5	28.6
West	29.2	13.2	20.8	14.8	18.9
Rural	29.3	33.3	16.7	21.6	17.1

[1]Data are for married-couple families, living together, with or without children, and complete income reporters. Married couples, one or both of whom were retired or students, not living together, not the only family earners, or with a husband at home caring for the family while the wife worked, were excluded.
[2]Unable to work includes ill, disabled, unable to work; unable to find work; or doing something else.
[3]Because of rounding, total may not equal sum of parts.
[4]White collar includes managerial, professional, technical, sales, and administrative.
[5]Blue collar includes precision production, craft, repair, operators, fabricators, and laborers.
[6]Farm and other includes farming, forestry, fishing, Armed Forces and other (including not reported).

*Not applicable or not available due to too few sample cases.

Table 2. Income, income sources, expenditures, and budget shares of married-couple families[1] by employment status, 1987

Income and expenditures	One-earner: Wife — Husband[2] unable to work	One-earner: Husband — Wife[2] unable to work	One-earner: Husband — Wife caring for family	No earners	Dual-earners
Scenario number	1	2	3	4	
Before-tax income	$19,008	$25,459	$32,268	$11,445	$39,654
After-tax income	18,686	24,067	29,209	11,424	35,662
Per capita income	6,554	10,184	9,491	3,947	12,792
Total expenditures	19,348	21,574	26,290	12,744	30,430
			Percent[3]		
Income sources					
Earnings[4]	54	76	87	0	95
Public assistance	17	2	0	41	0
Unemployment compensation	*	2	0	2	0
Workers' compensation and Veterans benefits	14	*	0	18	0
Welfare	*	0	0	12	0
Food stamps	*	*	0	5	0
Combined Supplemental Security Income	1	*	0	4	0
Social Security or Railroad Retirement	23	10	3	44	1
Pensions, annuities	3	6	4	11	1
Asset income[5]	2	6	5	3	2
Other sources[6]	0	0	1	0	0
Expenditures					
Housing	31	32	32	33	31
Transportation	25	17	18	19	20
Food at home	13	13	12	21	10
Food away from home	3	4	4	2	4
Clothing	3	4	5	3	5
Personal insurance	1	2	2	1	1
Pensions and Social Security	5	10	10	0	12
Health care	7	7	5	10	4
Entertainment	3	5	5	3	6
Tobacco	2	1	1	3	1
Alcoholic beverages	1	1	1	1	1
Personal care	1	1	1	1	1
Other[7]	4	2	3	2	3

[1]Data are for married-couple families, living together, with or without children, and complete income reporters. Married couples, one or both of whom were retired or students, not living together, not the only family earners, or with a husband at home caring for the family while the wife worked, were excluded.
[2]Unable to work includes ill, disabled, unable to work; unable to find work; or doing something else.
[3]Percent of total annual income or expenditures. Because of rounding, total may not equal sum of parts.
[4]Earnings include salary, wages, business income, and farm income or loss.
[5]Asset income includes interest, dividends, rent, and royalties.
[6]Other sources include alimony, child support, and other money income.
[7]Other includes cash contributions, education, reading, and miscellaneous expenses.

*Not available due to too few sample cases.

Nonearner families received the highest share of income from Social Security or Railroad Retirement and public assistance (44 percent and 41 percent, respectively), with lower shares from pensions and annuities, and asset income (11 percent and 3 percent, respectively).

Nonemployed Wives. Average annual before-tax income for married couples differed depending on whether the wife was not employed because she chose to stay at home to care for her family, or because she was ill, disabled, unable to work, unable to find work, or doing something else. When a wife was not employed because of family responsibilities, annual before-tax income was about 21 percent higher than when she did not work due to illness, disability, inability to work, because she could not find work, or for some other reason ($32,268 compared with $25,459). Per capita income comparisons, however, showed an inverse relationship. On a per capita basis, before-tax income in families with a wife at home caring for the family was actually 7 percent lower than in families with an ill or disabled wife ($9,491 compared with $10,184). This may be explained, in part, by the fact that women who stayed at home to care for a family had larger families on average (3.4 persons compared to 2.5) and three times as many children under age 18.

Sources of income were different between the two nonemployed wife groups. Wives who stayed at home to care for a family reported receiving 87 percent of income from a spouse's earnings. Wives who were not working due to illness, disability, inability to work, because they could not find work, or because they were doing something else, received a lower percentage of income from spousal earnings (76 percent) and a greater share of income from Social Security or Railroad Retirement, pensions or annuities, assets, and public assistance.

Nonemployed Husbands Compared with Nonemployed Wives. On average, annual family income was about 25 percent lower in families where a husband, rather than a wife, was unable to work ($19,008 compared with $25,459). This may reflect, in part, the fact that women who work full time earn approximately 70 percent of the median earnings for men (*6*). Per capita income comparisons showed an even greater income disparity (36 percent) between families with husbands versus those with wives who were not able to work ($6,554 compared with $10,184).

Sources of family income differed, depending on which spouse was not employed. Families with nonemployed husbands received about half as much income from earnings as those with nonemployed wives; almost twice as much from Social Security or Railroad Retirement; and almost five times as much from public assistance, primarily in the form of workers' compensation and Veterans benefits. Nonemployed wives received a higher share of income from their spouses' salary and wages, pensions and annuities, and asset income, but a smaller income share from programs such as Social Security or Railroad Retirement and public assistance, primarily unemployment compensation. The difference in Social Security and public assistance benefits received by husbands and wives may reflect, in part, the fact that women do not earn the equivalent of men.

Family Expenditures

A nonemployed spouse affects family spending patterns by reducing the actual dollar amount a family has to spend. When a spouse is not employed, families may delete purchases from their budget or substitute less expensive goods or services. It is important to note that although spending is less, the proportion of income spent in certain budget categories may actually be more. For example, average annual transportation expenditures in families with husbands who were unable to work in 1987 were $4,752, compared to $6,197 for dual-earner families. Yet, transportation expenditures comprised 25 percent of nonemployed-husband families' expenditures and only 20 percent of total expenditures for spouses who were employed.

Dual-Earner Compared with Nonearner Married Couples. Table 2 shows the proportion of family income allocated for key expenditures by dual-earner families compared with families in which both spouses were not employed. In 1987 average annual expenditures reported by dual-earner married couples were $30,430. Dual-earner families spent 85 percent of their after-tax income for household goods and services, using the remainder for savings and the acquisition of property and other forms of wealth. On average, housing accounted for the largest share of total annual expenditures (31 percent), followed by transportation (20 percent), pensions (12 percent), and food at home (10 percent).

As would be expected, the absolute expenditure level was considerably lower for nonearner couples than for employed married couples ($12,744 compared with $30,430). When both spouses were not employed, expenditures exceeded income. Nonearner spouses spent about 112 percent of after-tax income on household goods and services. Families with nonearning spouses spent a larger share of income on necessities such as housing, food at home, and health care; and a smaller share for luxuries such as food away from home and entertainment. Discretionary expenditures such as alcoholic beverages and personal care claimed about the same budget share for working and nonworking spouses. Family expenditures for tobacco products, however, were almost two times higher in nonearner families than families in which both spouses worked. Families with nonearner spouses had the greatest expenditure share and highest annual dollar amount for tobacco products among the four family types. There was a notable difference in the amount and share of income

spent for pensions between working and nonworking married couples. Dual-earner families spent about 12 percent of their expenditure budget for pensions, whereas non-earner spouse families spent nothing. Nonearners no longer contribute to Social Security and other employment-related retirement programs.

Nonemployed Wives. The absolute dollar amount of family expenditure and budget share allocation varied depending on whether a wife was not employed because she chose to stay at home to care for her family, or was ill, disabled, unable to work, unable to find work, or doing something else. Total annual family expenditures were higher when a wife chose to stay at home to care for a family than when she was not working due to health or other personal reasons ($26,290 compared with $21,574). Yet, both family types managed to keep expenditures within 90 percent of annual after-tax income. Expenditure shares were similar in both groups for a majority of goods and services with the exception of health care. As would be expected, wives who were not employed due to illness, disability, because they could not work, could not find work, or to do something else, spent slightly more on health care.

Nonemployed Husbands Compared with Nonemployed Wives. Families with a husband who was unable to work due to illness, disability, inability to work or because he could not find work, experienced greater erosion of family economic resources than did those with a wife who was unable to work for similar reasons. When a husband was not working, total average annual family expenditures exceeded annual after-tax income by 4 percent. When a wife was not employed, families were able to keep total expenses under after-tax income. Expenditure shares for housing, food, and clothing were about the same for both groups. Families with husbands who were unable to work allocated a greater share of expenditures to transportation than nonworking-wife families (25 percent and 17 percent). Nonemployed-husband families spent twice as much as nonemployed-wife families for new or used vehicle purchases. It appears that vehicle purchases were not as likely to be postponed in nonemployed-husband families as they were in nonemployed-wife families.[9]

Families with husbands who were unable to work had expenditure shares for entertainment, personal insurance, and pensions of about half those in families with wives who could not work. Expenditure shares for alcohol and personal care were the same for both groups. Notably, families with nonemployed husbands had double the expenditure share for tobacco, compared with families with nonemployed wives.

Conclusions

Families at Risk. The effect of lost income on married couples' economic status varied depending upon which spouse was not employed and the reason for not working. Examination of annual after-tax family income and expenditures shows that those most likely at risk were families with:

- Both spouses not employed.
- One spouse ill, disabled, unable to work, or could not find work.

About 57 percent of families with two nonemployed spouses were classified as poor or near poor based on an official Government definition of poverty. In families with one nonemployed spouse, 21 percent of families with a nonemployed husband and 23 percent with a wife unable to work were categorized as poor or near poor. Research on couples in bankruptcy supports these findings. Sullivan, Warren, and Westbrook found that married couples in bankruptcy are more likely to be one-earner than dual-earner families. They concluded ... "regardless of why a spouse is not working, a second earner, especially in lower income families, may spell the difference between minimal financial success and economic collapse" (*1*).

Families Not at Risk. Married-couple families who did not appear to be at risk (based on a lower percentage of poor within the group) were one-earner families with an:

- Employed husband and wife at home caring for family.

Traditional one-earner families were able to keep total annual expenditures under total after-tax family income, on average. Although 17 percent of traditional families were classified as poor or near poor, they comprised 67 percent of all one-earner and nonearner married-couple families in poverty. The percentage of traditional families in poverty suggests this group was not as likely as other family scenarios to be at risk of poverty. However, the considerable number of traditional families in or near poverty, 1.2 million, cannot be ignored. Recent research (*1*) shows that traditional families are far more likely to be in bankruptcy than the general population. This has important implications for family policy, law, research, and education.

Family Income. Data show that one-earner married-couple family income is lower on average than dual-earner family income. Knowing "why" a spouse is not employed may indicate whether or not a single-earner family is financially vulnerable. For example, adequate family income was more of a problem when a spouse was unable to work than when a spouse chose not to be employed. When two spouses were not working, the effect on family income was pronounced. In 1987 average family income for nonearner spouses was within 126 percent of the poverty

[9] Transportation expenses of nonemployed-husband and nonemployed-wife families were disaggregated and compared by new and used vehicle purchases, gas and oil expenses, other vehicle expenses (including finance charges, maintenance and repairs, insurance, rental and licenses), and public transportation expenses.

threshold, and 57 percent of the families were classified as poor or near poor.

Income sources and shares varied among groups. Traditional families received a majority of income from husbands' earnings. One-earner families with nonworking husbands received almost five times as much income from public assistance, and twice as much in Social Security or Railroad Retirement, than did families with nonworking wives. This disparity between nonworking husbands and nonworking wives for public assistance and Social Security or Railroad Retirement benefits reflects, in part, longstanding differences in the employment patterns of married men and women. Since unemployment and disability benefits are based on earnings amount and employment tenure, married women are at a disadvantage, compared to married men (*8*).

Family Expenditures. Expenditures (expressed as budget share) of married-couple families with non-employed spouses exhibited greatest variance for pensions (10 percent difference), food at home (9 percent difference), transportation (8 percent difference), and health care (5 percent difference). Budget share differences reflect, in part, differences in income, personal preferences, family composition, regional price differences, and expenditures for certain fixed and contractual obligations such as housing (home mortgages), transportation (auto loan payments), and other fixed credit obligations.

How to handle fixed debt obligations is of concern to families. Expenditures for major durables such as a home and car are frequently fixed and mortgaged over time. They cannot be readily or easily reduced when a family member is not working. Thus, the extent to which expenditures are committed to fixed payments such as housing, auto, or other fixed credit obligations will influence a family's ability to financially survive a spell of "not working." There is not much flexibility for economizing on health care, especially when a spouse is not working due to illness or disability. Family expenditures for health care were fairly similar for all family types.

There appears to be some flexibility in reducing family expenditures for food, clothing, and entertainment when a spouse is not employed. For example, a family could cut back on food away from home and substitute lower priced sources of nutrition with meals prepared at home. This type of adjustment, however, should be accompanied by a knowledge of nutrition and careful planning and may not be an easy change for many families. Clothing expenditures may be reduced, except in situations where special clothing such as uniforms are required for a spouse's job. Data show that families most likely to be at risk spend the least for food away from home, clothing, and entertainment. Expenditures for tobacco, however, are an anomaly. Although tobacco is typically considered a discretionary expense, this clearly was not the case for the two family types most likely to be at risk. They spent the most and had the greatest budget shares for tobacco, compared with families who were not likely to be at risk. Finally, the great disparity in amounts and proportions of personal insurance and pension expenditures by dual-earner, nonearner, and one-earner families merits the continued concern of policymakers. Families who are financially vulnerable may be pushed into poverty by unexpected events such as the death or disability of an earner, an illness requiring extensive medical care, or loss of personal property due to fire or theft. Private versus social responsibility for family economic protection remains an important but controversial issue and concern.

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Apparel Expenditures of Older Consumers

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This study examines the impact of selected socioeconomic and demographic variables on apparel expenditures among consumers 65 years of age and older using data from the 1987 Consumer Expenditure Survey. Average annual apparel expenditures for older households were $649 or 4 percent of their total expenditures. Results of tobit analysis indicate that age, income, education, race, housing tenure, and family type are significant predictors of apparel expenditures for the elderly. The number of earners was not significant. Findings from this study have implications for U.S. apparel consumption patterns since the Nation's population is getting older.

Between 1980 and 1988 the U.S. population over age 65 increased at an average annual rate of 2.1 percent—more than double the rate of overall population growth (*4*). The proportion of the total population that was 65 and over rose from 11.3 percent in 1980 to 12.3 percent in 1988 (*4*) and is projected to reach 13.9 percent by 2010 (9). Within the 65 and over category, rates of increase have been greater in the oldest age groups (75 to 84 years, 85 and over), so the older population itself is aging. After 2010 the first baby boomers will reach age 65, and the proportion of elderly will swell sharply.

The aging of the population will change aggregate U.S. consumption patterns so consumer behaviors inherent to the elderly need to be identified and monitored. Apparel[1] is an area for concern because the relationship between disposable income and clothing expenditures has been shown to be inelastic (*2,6*) and many older consumers experience a decline in income. An analysis of 1986 expenditures of the elderly (*1*) found the amount spent on clothing and apparel services ($591) to be similar to that spent on food away from home ($640) and housefurnishings and equipment ($556), and greater than that spent on entertainment ($486) or domestic services ($348).

Clothing is fundamental to social interaction, physical well-being, and personal satisfaction in all persons, regardless of age (*3*). This study focuses on apparel expenditures associated with selected socioeconomic and demographic characteristics of households headed by consumers 65 years and older.

[1]Apparel refers to any clothing worn by men, women, and children including footwear, and other apparel commodities.

Source of Expenditure Data and Sample

Data for this study are from the 1987 Consumer Expenditure Survey (CEX). Conducted by the Bureau of Labor Statistics (BLS), U.S. Department of Labor, the CEX is an ongoing survey that collects data on household expenditures, income, and major socioeconomic and demographic characteristics. The CEX weighted sample of households is designed to represent the total non-institutionalized U.S. population.

Each household is interviewed quarterly for five consecutive quarters. The sample for this study is based on quarterly responses from the 4,036 consumer units with a reference person 65 years of age or older. Quarterly expenditures were multiplied by four to provide annual estimates. Percentages of households reporting an expenditure are for any one of the four quarters of 1987.

Profile of Respondents

About one-third of the sample was between 65 and 69 years of age, with fewer reference persons in each advancing age group. Most of the elderly had incomes between $5,000 and $10,000 (33 percent) and $10,000 and $20,000 (32 percent). Household income generally decreased as age increased, with larger percentages of households reporting income under $10,000 and smaller percentages reporting incomes over $20,000:

Age of reference person	Household income: Under $10,000	$10,000–$20,000	Over $20,000
	Percent		
65 - 69	32	35	33
70 - 74	44	32	24
75 - 79	52	31	17
80 - 84	59	25	16
85 +	64	24	12

Average per capita income decreased from $10,755 for the 65 to 69 year group to $7,369 for those 85 years or older. Most of the sample were either living in husband and

wife families (36 percent) or were single women (35 percent). Only 10 percent were single men. The remaining 19 percent lived in other family arrangements. Husband–wife families were more likely to have income in excess of $10,000 (80 percent), whereas most single women (74 percent) reported income below $10,000.

The sample was predominantly white (89 percent). Almost half (47 percent) of the elderly reported possessing at least some high school education or a high school diploma. Less than one-third (31 percent) had only an elementary school education and 22 percent had some college education.

A majority (60 percent) of older respondents were homeowners without a mortgage. Renters comprised 26 percent of the sample. The remainder were those holding a mortgage, over half of whom were age 65 to 69 years. Although only 23 percent of all older households had income over $20,000, 42 percent of homeowners with a mortgage reported income in this range. Renters were more likely to have income under $10,000 – 64 percent, compared with 29 percent of homeowners with a mortgage and 40 percent of those without a mortgage. Half of the renters were single women and nearly half (48 percent) of homeowners with a mortgage were husband–wife families.

Variables

Apparel expenditure categories included total apparel, women's, men's, children's, footwear, and other apparel commodities (see box). Expenditures for sewing (see box, p. 16) were included with "other apparel commodities." Household characteristics were age, education, and race of reference person, before-tax income, housing tenure, family composition, and number of earners.

Data were analyzed: (1) to provide an overall description of apparel expenditures of older consumers and (2) to determine relationships between expenditures and household characteristics.

Total apparel – any type of clothing or clothing accessory worn by men, women, and children; and other apparel commodities and services.

Women's – includes coats and jackets, dresses, sport coats and tailored jackets, vests and sweaters, shirts and blouses, skirts and culottes, pants, shorts, active sportswear, nightwear, undergarments, hosiery, suits, accessories, uniforms, and other clothing.

Men's – includes suits, sport coats, coats and jackets, underwear, hosiery, nightwear, accessories, sweaters and vests, active sportswear, shirts, pants, shorts, uniforms, and other clothing.

Children's – includes apparel items for boys and girls, ages 2-15, and infants and toddlers less than 2 years old: coats and jackets, sport coats, suits, sweaters, shirts, dresses, blouses, skirts, pants, shorts, active sportswear, underwear, diapers, nightwear, hosiery, accessories, uniforms, and other clothing.

Footwear – includes footwear for men, women, and children.

Other apparel commodities – includes material for making clothes, sewing notions, patterns; watches, jewelry; and apparel services – shoe repair, apparel laundry and dry cleaning (coin-operated and not coin-operated), clothing repair and alteration, clothing rental, watch and jewelry repair, and clothing storage.

Descriptive Statistics on Apparel Expenditures of Older Households

Average Apparel Expenditures and Expenditure Shares

In 1987 the average expenditure for apparel in households with reference persons 65 years or older was $649 (table 1, p. 14). Mean expenditures decreased as the age of the reference person increased, from $916 for those age 65 to 69 to just $162 for those 85 years or older.

A decrease in family size as the householder ages partly accounts for the reduction in apparel expenditures. Average household size for those age 65 to 69 was 2.0, but this dropped to 1.8, 1.6, 1.5, and 1.5 persons for the remaining age groups. However, factors other than family size had an effect because the per capita apparel expenditures also decreased with age. The average per capita apparel expenditure for those age 65 to 69 was $528. This declined to $439 for persons 70 to 74, $279 for those 75 to 79, $240 for consumers 80 to 84, and $105 for those 85 years or older.

As a proportion of total expenditures, the elderly spent 4 percent on apparel. With advancing age, a smaller proportion of total expenditures was spent on apparel and apparel commodities, from 5 percent for households with reference persons between 65 and 74 years of age to 2 percent for those with reference persons 85 years of age and older. The decreasing budget share for apparel may be due to several factors, including diminished interest in apparel, reduced mobility, curtailed social activities, accumulated wardrobe, and budgetary constraints (*1,2*). Specifically, as a person ages additional financial resources may be needed increasingly for such services as medical care, leaving proportionately less for apparel and other items in the budget. Households that spent only 2 or 3 percent of total expenditures on apparel had a reference person age 80 or over, income under $10,000, rented instead of owned, consisted of a single male, or had a reference person with an elementary education.

In contrast, households spending slightly higher percentages (5, 6 or 7 percent) of total expenditures on

Table 1. Expenditures and expenditure shares for apparel by households with reference person 65 years and older

Household characteristic	Total expenditures Mean	Apparel expenditures Mean	Apparel expenditures Percent of total expenditures
All households 65 and over	$14,946	$649	4
Age of reference person (years):			
65 - 69	18,707	916	5
70 - 74	16,306	772	5
75 - 79	12,057	423	4
80 - 84	10,481	346	3
85 and older	9,006	162	2
Income brackets:			
$5,000 or less	8,318	264	3
$5,001 - $9,999	9,808	309	3
$10,000 - $19,999	14,825	593	4
$20,000 - $29,999	19,067	914	5
$30,000 - $39,999	27,880	1,864	7
$40,000 or more	35,144	1,846	5
Race of reference person:			
White	15,399	679	4
Black	10,035	357	4
Other	19,742	773	4
Housing tenure:			
Homeowner with mortgage	25,146	1,280	5
Homeowner without mortgage	14,131	623	4
Renter	11,624	388	3
Family composition:			
Husband/wife only	18,919	902	5
Husband/wife/children/others	23,065	1,045	5
Single male	11,632	291	3
Single female	9,686	394	4
Other families	16,112	689	4
Education:			
Elementary (1–8)	10,300	311	3
High school, not graduate	12,858	636	5
High school graduate	15,412	658	4
College, not graduate	19,599	943	5
College graduate	23,619	1,350	6
More than 4 years of college	28,432	1,281	5

apparel were those with a reference person between ages 65 and 74, those with income $20,000 or over, those with a mortgage, those headed by a husband and wife, or those with a college-educated reference person. Social and leisure activities among persons 65 to 74 may remain at a relatively high level, which can be reflected in a continuing need for, and interest in, purchasing clothing.

Average Apparel Expenditures of Purchasing Households

Expenditures for apparel were reported by 79 percent of older households (table 2). About half reported expenditures for women's apparel and other apparel commodities. Fewer households had expenditures for footwear (34 percent) and men's clothing (29 percent). Only 15 percent purchased children's clothing.

Considering only those households that purchased apparel for the quarter, the mean annualized expenditure for apparel in 1987 was $819. The average expenditure for women's clothing by purchasing households was $528, and for men's clothing, $360. Lesser amounts were spent on other apparel commodities, children's clothing, and footwear.

Age

Age of reference person was associated with apparel expenditures. Most households (88 percent) with a reference person 65 to 69 years old purchased apparel. The percentage of households reporting an expenditure for apparel decreased as age increased. However, over half (53 percent) of the oldest householders (85 and over) bought apparel during the 1987 quarter in which they were interviewed. Similar patterns of decreased expenditures were observed for women's, men's, and children's clothing, footwear, and other apparel commodities.

In addition to percentage trends, dollars spent on apparel decreased as age increased. Among purchasing households, mean expenditures for apparel ranged from $1,041 for those with a reference person age 65 to 69, to $305 for households with a reference person 85 years and over. Except for children's clothing, apparel purchases dropped off sharply after ages 70 to 74.

Income

The proportion of older households purchasing apparel and the various apparel components rose as income level rose. Only 63 percent of those with incomes of $5,000 or less had expenditures for apparel, compared with at least 95 percent of those with incomes of $30,000 or more.

Among purchasing households, mean expenditures for apparel increased as income increased, from $418 for those in the lowest income bracket to $1,940 for those in the highest bracket. Generally this pattern held for women's, men's, and children's clothing, footwear, and other apparel commodities.

Table 2. Expenditures for apparel: Percent of older households that purchased apparel and mean expenditure for purchasing households, 1987

Household characteristic	Total apparel expenditures		Women's		Men's		Children's		Footwear		Other apparel commodities	
	Percent	Mean	Percent	Mean	Percent	Mean	Percent	Mean	Percent	Mean	Percent	Mean
All households 65 and over	79	$819	54	$528	29	$360	15	$264	34	$216	51	$296
Age of reference person (years):												
65 - 69	88	1,041	62	611	38	358	21	272	42	235	59	414
70 - 74	80	967	56	608	31	439	17	276	34	232	56	306
75 - 79	78	543	51	376	24	312	12	256	32	177	44	152
80 - 84	71	487	46	381	14	235	8	168	27	199	40	176
85 and over	53	305	25	271	15	213	2	158	14	174	34	106
Income brackets:												
$5,000 or less	63	418	39	349	11	279	5	442	22	131	36	129
$5,001 - $9,999	71	434	43	348	16	261	11	205	26	175	40	129
$10,000 - $19,999	84	705	58	453	33	309	16	226	38	194	53	209
$20,000 - $29,999	89	1,026	62	612	46	344	23	284	40	230	61	355
$30,000 - $39,999	96	1,944	77	818	46	510	26	361	50	311	77	982
$40,000 or more	95	1,940	79	1,066	57	586	27	318	52	371	79	515
Race of reference person:												
White	80	848	55	543	29	366	16	255	35	220	51	303
Black	71	505	37	302	20	266	11	388	23	157	46	230
Other	85	906	56	494	34	416	16	164	52	256	66	303
Housing tenure:												
Homeowners with mortgage	90	1,430	67	806	40	516	25	320	44	306	63	517
Homeowners without mortgage	78	799	56	488	31	340	15	235	35	209	45	307
Renter	77	505	42	415	17	257	10	288	27	166	58	157
Family composition:												
Husband/wife only	84	1,079	62	558	44	392	19	244	39	253	57	428
Husband/wife/children/others	89	1,168	63	695	42	410	28	326	42	235	60	389
Single male	70	419	5	353	43	224	3	400	20	195	49	259
Single female	74	531	57	434	5	284	10	221	29	179	43	131
Other families	83	833	55	597	28	376	19	310	41	187	50	226
Education:												
Elementary (1–8)	69	451	40	298	22	249	11	251	29	160	38	158
High school, not graduate	80	789	53	404	28	288	16	206	32	201	49	497
High school graduate	82	803	58	500	32	367	17	260	35	215	55	236
College, not graduate	87	1,080	65	709	31	457	18	283	40	264	63	297
College graduate	89	1,521	69	1,022	29	776	19	377	40	248	62	410
More than 4 years college	93	1,370	72	865	45	384	16	334	42	371	79	366

Race

Black households (71 percent) were less likely to purchase apparel than whites (80 percent) and other[2] races (85 percent). Among purchasing households, on average, black households spent less on apparel ($505) than whites ($848) and other races ($906), but more on children's apparel. Among purchasing households, mean expenditure for children's clothing was $388 for blacks, $255 for whites, and $164 for other races. Pitts *(8)* also found that black families spent more of their apparel budget on children's clothing. Other races reported spending more on men's apparel and footwear than did blacks or whites.

Housing Tenure

Homeowners with a mortgage were more likely to report purchasing apparel (90 percent) than those without a mortgage (78 percent) or renters (77 percent). Of those who purchased apparel, homeowners with a mortgage spent more on total apparel, women's apparel, men's apparel, and other apparel commodities than homeowners without a mortgage and renters. Renters spent slightly more on children's clothing than homeowners without a mortgage.

As stated previously, older homeowners with a mortgage were more likely to be among the youngest in the sample. Also, they were more likely to have household income over $20,000. It may be that homeowners with a mortgage are more likely to be physically and socially active and to have the financial resources that allow them to make clothing purchases.

Family Composition

Single consumers were less likely to report spending on total apparel, children's apparel, footwear, and apparel commodities than households with more than one person. Similar percentages of single men and husband–wife families purchased men's clothing, however, and only a slightly lower percentage of single women reported expenditures for women's clothing (57 percent), compared with husband–wife families (62 or 63 percent). Families headed by a husband and wife (with or without children) reported higher expenditures for total apparel, footwear, and other apparel commodities than did other families.

Education

Generally, households were more likely to report expenditures for total apparel, women's apparel, footwear, and other apparel commodities as the education level of the reference person increased. Approximately 69 percent of respondents with an elementary education purchased apparel, compared with 93 percent of those with more than 4 years of college.

Expenditures for total apparel, women's, men's, and children's apparel generally increased with education level, peaking at the college graduate level. Except for footwear, those with more than 4 years of college spent less, on average, on apparel and apparel commodities than did college graduates.

Results of Multivariate Analysis

Findings from a multivariate analysis of apparel expenditures are similar to the descriptive findings and are given in table 3. Tobit analysis was used because 21 percent of the sample reported no expenditures for apparel. With this many zero expenditures, tobit analysis yields more efficient estimates than ordinary least squares analysis. The tobit results indicate that, holding other variables constant, expenditures for apparel decrease as age increases. Further, these expenditures increase as household income or reference person's education increases. Additional significant findings were: households with a black reference person spend less on apparel than those with a white reference person; homeowners with a mortgage spend more than those without a mortgage; single men have lower expenditures for apparel than do single women.

Summary and Conclusions

The purpose of the study was to describe the extent to which older consumers purchased clothing and to determine which socioeconomic and demographic characteristics influenced apparel expenditures in these households. Apparel was purchased in 8 of 10 older households during a quarter of 1987 and constituted 4 percent of household expenditures for all goods and services. The data show a decline in apparel expenditures as the age of the reference person increases: the dollar value decreased, as did percent of total expenditures spent on apparel and percent of households purchasing apparel. These findings support previous studies *(1,2,7)* that found a negative relationship between age

Sewing

Throughout this article, expenditures reported for other apparel commodities include those related to sewing, such as material for making clothing, sewing patterns, and notions. Very few (9 percent) of the households with a reference person over 65 years reported expenditures for sewing. Households more likely to purchase materials for sewing were those with income between $30,000 and $39,999 (20 percent) or belonging to the "other" race category (19 percent). Mean expenditure, for purchasing households, was almost $100. Of purchasing households, those with higher sewing expenditures included those with a reference person who was black, or had more than 4 years of college, or income between $20,000 and $29,999.

[2]Other includes Asians, American Indians, and others.

Table 3. Tobit results: Apparel expenditures of households with reference person 65 years and older

Household characteristic[1]	Direction of relationship	Significance level
Age of reference person	–	0.00*
Before-tax income	+	0.00*
Education	+	0.00*
Race (white):		
Black	–	0.00*
Other	+	0.51
Housing tenure (own, no mortgage):		
Own, mortgage	+	0.00*
Renter	+	0.76
Family type (single female):		
Husband, wife, child, other	+	0.11
Husband, wife only	+	0.15
Single male	–	0.00*
Other families	+	0.16
Earners (no earners):		
One earner	+	0.30
Two earners	+	0.34

[1]Omitted category is given in parentheses.
* P<.001.

and clothing expenditures. Other factors affecting the apparel purchases of older consumers were income, education, race, housing tenure, and family type.

It has been suggested that persons older than 75 and especially those older than 85 spend less on apparel because they need to allocate income for other items, particularly medicine and health care (5). Also, they may not engage in activities outside the home as much, requiring less wardrobe variety. Their inventories of clothing may reflect years of accumulation, because clothing has not "worn out." New styles and new fabrics may not be as important to the elderly; comfort and convenience may be preferred. Also, shopping may be regarded increasingly as inconvenient and a chore rather than as a leisure activity. This study indicates that persons 75 years and older are less likely to purchase clothing and those who do purchase, spend less than persons 65 to 74 years of age.

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Income Change at Retirement

Retirement is a complex process involving various stages of withdrawal from the labor force and receipt of one or more types of retirement benefits. To study retirement behavior, preliminary data from the 1984 Survey of Income and Program Participation (SIPP) were used. The SIPP is an ongoing household survey that collects information every 4 months over a 32-month period and obtains monthly data. The sample consisted of persons age 55 or older who, during the 32 months, entered some phase of retirement, i.e., incurred a retirement transition.[1] The data were weighted to represent the retirement population.

Three criteria were used to define a phase of retirement: (1) first receiving Social Security retired-worker benefits, (2) first receiving an employer pension, and (3) stopping work after initially working while receiving one or both of these benefits. Persons were classified by their observed retirement transitions (table 1).

[1] The preretirement period ended with the advent of the first or only retirement transition; the postretirement period coincided with the last or only retirement transition. The period between the first and last transitions, if any, was ignored. Income was measured on the basis of 3 months of data. Retirees were required to have 3 months of observations before and after retirement transitions.

Retirement Groups

Seven distinct retirement transitions were noted. Only a minority of retirees (22 percent) moved directly into full retirement (the stereotypical retirement transition), that is, from working full-time and not collecting retirement benefits to not working and collecting one or more benefits (retirement groups one and two). The remainder were in various interim stages of retirement.

Fifteen percent of individuals who initially were working and not collecting retirement benefits continued working after receiving one or more benefits. About 80 percent of this third group were working full-time before the first retirement transition, and 90 percent collected only one type of benefit after the last retirement transition.

Two groups (numbers four and five) had been working and collecting a retirement benefit. One of these then began collecting the other type of benefit (6 percent). Most individuals in this fourth group reduced their work effort after receipt of the second benefit, either from full-time to part-time or from part-time to no work. Individuals in group five stopped working altogether (13 percent). Not everyone worked until benefit receipt; in the sixth group 20 percent stopped working before collecting benefits and moved to collecting one or more benefits and perhaps working. Most of these people had not worked for a long period of time. The seventh form of retirement transition, made by 24 percent of individuals, involved moving from not working and collecting one benefit to collecting both Social Security and employer pensions.

Income Change and Poverty

Individuals who were working full-time and not receiving any benefits before a retirement transition (groups one and two) had the highest pre-transition incomes and the lowest ratios of post-to-pre-transition income (table 2). The income of those who continued working after beginning to receive benefits (group three) increased 15 percent, giving these people the highest median post-transition income of any group. However, these individuals had a lower median pre-transition income than the two stereotypical groups because some of them were working part-time, and pre-transition earnings of full-time workers in this group were lower.

Post-transition income of persons who went from working and receiving one benefit to receipt of two benefits and perhaps working (group four) was slightly higher than that of stereotypical group one with both types of retirement benefits ($1,257 compared to $1,140 per month). Retirees in group four were older on average than those in group one; later retirees would not have as great a benefit reduction for early retirement and may have improved the earnings records on which their benefits are based. Nonmarried women were overrepresented among those in group five who went from working and receiving one or more benefits to not working (31 percent compared to 18 percent overall). The two groups with the lowest pre-transition incomes were those who had already stopped working. Those who neither worked nor received

Table 1. Retirement groups, by status before and after retirement transitions and median age

Retirement group	Percent	Age
Total percent	100	63
Full retirement:		
1 Full-time work, no benefits → two benefits, no work	12	63
2 Full-time work, no benefits → one benefit, no work	10	60
Partial retirement:		
3 Work, no benefits → work and benefit(s)	15	62
4 Work and one benefit → two benefits, may have work	6	65
Other:		
5 Work and benefit(s) → benefit(s), no work	13	69
6 No work, no benefits → benefit(s), may have work	20	62
7 No work, one benefit → two benefits, may have work	24	68

Source: Grad, S., 1990, Income and change at retirement, *Social Security Bulletin* 53(*1*):2-10, U.S. Department of Health and Human Services, Social Security Administration.

Table 2. Retirement groups, by median income before and after retirement transitions[1] and median income ratios[2]

Retirement group	Retirees			Families		
	Before	After	Ratio	Before	After	Ratio
Total	$ 907	$ 930	1.05	$1,811	$1,789	1.05
1	1,917	1,140	.60	2,682	1,938	.74
2	2,111	961	.46	3,143	1,859	.62
3	1,402	1,561	1.15	2,331	2,396	1.11
4	1,457	1,257	.96	2,074	2,178	1.03
5	897	616	.67	1,455	956	.78
6	117	503	3.20	1,238	1,765	1.32
7	598	929	1.36	1,185	1,608	1.23

[1]Average monthly amounts in 3-month periods before and after retirement transitions.
[2]Medians of each retiree's and family's ratios of income after retirement transitions to before transitions, rather than ratios of the group medians, to reflect income change at the individual level.

Source: Grad, S., 1990, Income and change at retirement, *Social Security Bulletin* 53(*1*):2-10, U.S. Department of Health and Human Services, Social Security Administration.

benefits had minimal pre-transition income ($117), and the lowest post-transition income ($503).

Most retirees were married or living with extended families. The effective income of retirees living with relatives includes the income of other family members. Percentage changes in income of most retirement groups were not as great for families as for individual retirees (table 2).

To give some idea of the economic impact of being in these various stages of retirement, unofficial estimates of pre-transition and post-transition poverty rates were calculated based on the retirees' own and family income (table 3, p. 20). Depending on the type of transition, family poverty rates varied widely before and after a retirement transition. In cases where an individual moved from working and receiving one or more benefits to not working and receiving benefits (group five), the family poverty rate increased from 1 to 17 percent. However, where an individual moved from neither working nor receiving benefits to receiving one or more benefits and perhaps working (group six), the family poverty rate declined from 23 to 8 percent.

Sources of income changed with retirement. Three sources of income were compared before and after

Table 3. Retirement groups, by percent poor before and after retirement transitions

Retirement group	Retiree Before	Retiree After	Family Before	Family After
	Percent poor			
Total	23	16	7	6
1	0	2	0	0
2	0	15	3	0
3	10	4	4	1
4	5	2	2	0
5	4	30	1	17
6	77	38	23	8
7	25	7	9	4

Source: Grad, S., 1990, Income change at retirement, *Social Security Bulletin* 53(*1*):2-10, U.S. Department of Health and Human Services, Social Security Administration.

Table 4. Percent of retirees receiving income by source, and share of total income before and after retirement transitions

Income sources	Percent receiving Before	Percent receiving After	Income share[1] Before	Income share[1] After
Transfers	53	100	35	76
Asset income	81	84	22	14
Earnings	56	19	43	10

[1]Means of individual ratios of amounts from sources to total income.

Source: Grad, S., 1990, Income change at retirement, *Social Security Bulletin* 53(*1*):2-10, U.S. Department of Health and Human Services, Social Security Administration.

retirement transitions: Transfer sources (Social Security benefits, employer pensions, public assistance, and Veterans benefits), asset income, and earnings. Although many retirees were not fully retired in the stereotypical sense, twice as many had transfers and only one-third as many had earnings just after, compared with just before, the retirement transitions (table 4). The share of income from transfers was twice as great after the retirement transitions, and the share from earnings was only one-fourth as great. Asset income was a more stable and less important source of income than transfers or earnings at retirement. More than 80 percent of the SIPP retirees received asset income before and after the retirement transitions, although the share of income from assets declined. Also, amounts of asset income usually change (for 9 in 10 retirees) and the median percentage change was 39 percent.

For some individuals, retirement transitions would continue in the future. Such transitions would again result in changes in income for these retirees and their families.

Source: Grad, S., 1990, Income change at retirement, *Social Security Bulletin* 53(*1*):2-10, U.S. Department of Health and Human Services, Social Security Administration.

Family–Related Employee Benefits

Employee benefits protect workers and their families from financial hardships. Health care plans help with medical expenses, enabling workers and family members to seek care they might otherwise do without. Retirement plans allow older employees to stop working, yet maintain certain living standards. Disability benefits provide income to those unable to work. Survivor benefits protect against loss of income resulting from the death of a spouse or other relative.

Employers may offer benefit plans to meet union demands, to attract and keep good employees, or to remain competitive with other employers in the labor market. Another source of benefits is the Government, which provides direct benefits, such as Social Security, and mandates employers to provide protection, such as workers' compensation. Since 1915, when workers' compensation laws were first introduced in several States, nationwide programs for Social Security and unemployment insurance have been developed and implemented, and mandatory employer-provided benefits such as health care and parental leave are perennial agenda items for policymakers.

The Bureau of Labor Statistics tracks and documents changes in employee benefits. The Employee Benefits Survey details the incidence and provisions of benefits. The Employment Cost Index tracks changes in employer cost for compensation, including benefits. The Area Wage Survey monitors the incidence of selected benefits in metro areas, and the Industry Wage Survey tracks the same data for selected industries.

Growth in Benefits over the Past 75 Years

At the outbreak of World War I, employee compensation generally was limited to straight-time pay for hours worked. The average American family encompassed several generations and branches under one roof. Loss of income or unusual expenses were borne by the pooled resources of the family. In 1915 the need for retirement income was not as great as it is today. Life expectancy was 52.5 years for men, and people did not expect to enjoy "retirement years." Also, the extended family usually cared for its elderly and met their financial needs.

Employee benefits were available through labor unions and mutual aid societies. Labor unions typically provided lump-sum benefits to survivors upon the death of an employee and weekly payments to disabled employees. These benefits were funded through union dues. Mutual aid societies were generally worker-financed funds that collected dues and offered group benefits.

The years 1930–44 were marked by an expansion of retirement income benefits, particularly the establishment of Social Security. This program guaranteed a pension to retirees, although it was intended to provide just a portion of a worker's total retirement income. Over time, private firms began to offer retirement plans to supplement Social Security. The Railroad Retirement System, a consolidation of several railroad industry pension plans under Government administration, was formed during this time. Life expectancy rose to nearly 60 years by 1930 and to nearly 66 by 1945.

Employer-provided life insurance became more prevalent during this period. By 1936, 60 percent of establishments provided life insurance for their employees. A typical plan provided about $1,500 in life insurance protection and double-indemnity benefits for accidental death.

To stabilize prices during World War II, the War Labor Board restricted wage increases but was more lenient in allowing improvements in benefits. Employers offered a variety of benefits in lieu of increased wages. These "noninflationary" benefits included time off with pay, limited medical care for employees and families, and pension benefits.

The end of World War II led to an increase in marriages and children and a male-dominated labor force. In addition to time off with pay and payment of medical expenses, employers met the needs of these traditional families by providing protection against loss of income. There was widespread adoption of these benefits into the compensation package.

Two court rulings supported this fundamental change in the compensation structure of American workers. The Taft-Hartley Act of 1947 states that management must negotiate with labor organizations, elected to represent workers, on "wages, hours, and other terms and conditions of employment." In 1948 and 1949, court rulings held that retirement and insurance benefits were "other terms and conditions of employment," and that management had to include these items in collective bargaining negotiations.

To meet the growing need for health care in the late 1940's and 1950's, employers began providing formal health care plans, through either commercial insurers or Blue Cross/Blue Shield plans. By 1960 about 80 percent of plant and office workers in metro areas received a health care plan through their employer.

The incidence of catastrophic medical coverage, or "major medical," rose dramatically between 1960 and 1975. Typically such plans pay a percent of charges incurred after a deductible is paid by the employee. The following tabulation shows the increasing percentages of office and plant workers with catastrophic medical protection during this period:

Years	Office workers	Plant workers
	Percent	
1960–61	49	21
1965–66	73	40
1970–71	88	65
1975	94	77

Between 1960 and 1974, employers established and expanded typical benefit plans, such as paid leave, retirement income, health care, and survivor and disability insurance. Major pension reform was debated in Congress for nearly 15 years. The result was the Employee Retirement Income Security Act, signed into law on Labor Day 1974.

Two major trends have dominated the labor scene in recent years: Women joined the labor force in record numbers and two-earner families became the norm, and employees' needs changed. The Employee Retirement Income Security Act was the beginning of a series of tax and benefits legislation that is still continuing. Rather than mandating new benefits, these laws have concentrated on improving and guaranteeing the provisions of existing benefits. Pension eligibility requirements, vesting, and discriminatory practices were further defined.

Because of changing demographics, employers have provided several new benefits such as parental leave, child care, and flexible work schedules. Employees are offered more opportunities to choose benefits suited to individual family needs. Benefits accounted for 17 percent of compensation costs in 1966, 22 percent in 1974, and 27 percent in 1989.

Source: Wiatrowski, W.J., 1990, Family-related benefits in the workplace, *Monthly Labor Review* 113(*3*):28-33, U.S. Department of Labor, Bureau of Labor Statistics.

Urban and Rural Consumer Debt

In 1986 consumer debt[1] as a proportion of income and of assets of the average rural resident[2] had risen well above historical levels, above even the urban average. To examine this trend, data from the 1970, 1977, 1983, and 1986 Surveys of Consumer Finances were used; families headed by an adult 25 years of age or older were included in the analysis.

Rural people are less likely than urban people to borrow (table 1). However, of those who do hold some consumer debt, rural households had consistently higher consumer debt-to-before-tax income and debt-to-asset ratios than did urban households in each survey year. The rural/urban difference was especially marked in 1986, when the ratio of consumer debt to total assets was almost 8 percentage points higher among rural, compared with urban, debtor households.

Over 60 percent of the outstanding consumer debt of rural families was for auto loans (table 2). This is consistent with the 1983 survey finding that car ownership (both number of cars per household and auto value per dollar of income) was higher in rural than in urban areas, perhaps because rural people live in more remote locations. The fastest growing category of consumer debt was credit card debt (used primarily for retail and gasoline purchases), which by 1986 made up nearly one-fifth of total rural debt and nearly one-quarter of total urban debt.

High-debt households were defined as those who spend more than 15 percent of their monthly income on consumer debt payments.

Table 1. Consumer debt trends

Debt indicator	1970	1977	1983	1986
	Mean value, 1983 dollars			
Consumer debt:				
Urban	1,990	2,359	2,457	2,705
Rural	1,594	2,028	1,602	2,071
Total U.S.	1,910	2,316	2,332	2,599
	Percent			
Percent borrowing:				
Urban	54	60	59	61
Rural	49	50	51	50
Total U.S.	53	59	57	59
Among borrowers:				
Ratio of consumer debt to before-tax income:				
Urban	13	13	15	16
Rural	14	14	17	22
Total U.S.	13	13	16	17
Ratio of consumer debt to total assets:				
Urban	18	16	14	13
Rural	19	17	18	20
Total U.S.	18	16	15	14

Source: Surveys of Consumer Finances for 1970, 1977, 1983, and 1986.

Table 2. Consumer debt by form of debt

Form of debt	1983	1986
	Percent of total	
All households:		
Auto	47	51
Other installment	21	13
Credit card	14	24
Home repair	8	9
Furniture	10	3
Urban households:		
Auto	45	49
Other installment	21	13
Credit card	15	25
Home repair	9	10
Furniture	10	3
Rural households:		
Auto	61	61
Other installment	15	12
Credit card	13	19
Home repair	6	5
Furniture	5	3

Source: Surveys of Consumer Finances for 1983 and 1986.

[1]Consumer debt was defined as all debt (other than real estate) requiring regular payments.

[2]The rural population was defined as all 1983 residents of outlying territory (area over 50 miles from a central city and not contained in an urbanized area of a metropolitan area).

The proportion of high-debt households in rural areas rose from 12 percent of all rural households in 1983 to almost 15 percent in 1986. In urban areas, the proportion of high-debt households grew less than 1 percentage point from 1983 to 1986. High-debt households were generally less wealthy than other households. In rural areas, the average high-debt household had half the assets and less than half the net worth (assets minus debts) of other rural households. Those deep in debt also had lower incomes than others in both urban and rural areas.

Many high-debt households, however, had sufficient assets to pay off all debts. Nearly one-quarter of high-debt rural households in 1986 had liquid assets (cash and financial holdings) sufficient to pay off the entire balance due on their consumer loans. If all physical assets except house value were included in a family's asset base for debt repayment, more than 80 percent of rural and 75 percent of urban high debtors were capable of paying off all consumer debts in 1986.

Of all rural households deep in debt in 1983, fewer than one-quarter remained so in 1986, and nearly one-quarter had no consumer debt payment obligations at all (table 3). Urban high debtors displayed even greater mobility out of high debt. Both rural and urban high-debt households saw substantial growth in their income, financial assets, and net worth, and substantial reductions in their consumer debt balances over the 1983–86 period.

An auto purchase appears to be a major factor why families were in a high-debt situation (table 4). In 1986, 77 percent of rural families and 65 percent of urban families who became high debtors reported that they had bought a car within the past 3 years. Health-related expenses also led both rural and urban people into high debt. This is not surprising since such expenses are often large and unexpected. Furniture and a college education were other items that generated high indebtedness.

Table 3. Movement into and out of debt, urban and rural households, 1983–86

1983 Debt category	1986 Debt category: Zero debt	Some debt	High debt
		Percent	
Urban:			
Zero debt	68	25	7
Some debt	20	69	11
High debt	27	53	20
Rural:			
Zero debt	76	18	6
Some debt	25	55	20
High debt	24	52	24

Note: Debt categories defined by ratio of monthly consumer debt payments to monthly income. Zero-debt households have no debt payment obligations. Some-debt households have 1 to 15 percent. High-debt households have greater than 15 percent.

Source: Surveys of Consumer Finances for 1983 and 1986.

Table 4. Large purchases affect high-debt status

Type of purchase made	High-debt households 1983	High-debt households 1986	All households 1986
		Percent	
Urban households:			
Car	44	65	53
Furniture	29	30	31
Health-related expense	26	29	19
Child attending college	12	14	13
Child attending private school	8	11	9
Other large expense	16	18	17
Any large expense	77	84	83
Rural households:			
Car	50	77	48
Furniture	11	24	14
Health-related expense	35	33	22
Child attending college	7	23	13
Child attending private school	5	3	4
Other large expense	8	27	12
Any large expense	65	92	76

Source: Surveys of Consumer Finances for 1983 and 1986.

Families already deeply in debt tended to avoid large purchases. High-debt families in 1983 were less likely than other families to incur large expenses in the 1983–86 period in both rural and urban areas. Health expenses were an exception, probably because these expenses are difficult to predict and postpone.

A change in family or employment status was often related to increased debt. Households in which a member lost or gained a job, that changed their residence, or that grew in size between 1983 and 1986 were more likely to experience an increase in their consumer debt than other households.

Source: Lerman, D., 1990, Rural consumer debt: Is recent growth a problem? *Rural Development Perspectives* 6(2):25-29, U.S. Department of Agriculture, Economic Research Service.

The Short-Term Poor

Families with income below the poverty threshold for families of their size and type are considered poor; their income is inadequate to meet basic needs over a period of time. The official poverty statistics define this period as 1 year. In reality, people suffer inadequate income for periods shorter or longer than a year. To gauge the extent of short-term poverty (less than a year), the poverty status of the nonmetro and metro population was examined for each month over a 12-month period during 1983 and 1984. Data were collected in the Survey of Income and Program Participation (SIPP) by the Bureau of the Census.

Proportionately more nonmetro than metro residents experienced some months of poverty (see table). About one-third of nonmetro people were in poverty at least 1 month during the year, compared with one-fourth of the metro population. The percentages of people experiencing 1, 2, or 3 months of poverty were similar (8 percent) in metro and nonmetro areas. Beginning with 4 months of poverty, however, differences between metro and nonmetro areas (except for the aged) became greater. Over 15 percent of the nonmetro population were poor between 4 and 11 months, compared with 10 percent of the metro population.

Traditional poverty estimates can mask short periods of poverty, if income is high enough during the rest of the year. Only about 40 percent of the 4–11 month poor in nonmetro areas were also poor under poverty definitions that compare annual income with an annual poverty threshold.

Months of poverty experienced by metro and nonmetro populations, 1983–84

Segment of the population	Months			
	0	1–3	4–11	12
	Percent			
Metro population	75.1	7.8	10.2	6.9
Nonmetro population	67.6	8.3	15.4	8.7
Whites	70.8	8.1	14.3	6.8
Blacks	37.7	10.9	24.1	27.3
Children	59.7	9.6	19.3	11.5
Aged	74.7	3.0	8.6	13.8
Disabled	60.4	7.4	16.8	15.4
Married-couple households	73.8	7.7	14.0	4.5
Other family households	41.4	11.5	23.0	24.1
Nonfamily households	55.9	7.9	15.6	20.7

Source: U.S. Bureau of the Census, Survey of Income and Program Participation, 1983–84 Longitudinal Research File.

Nonmetro Poor

Between 71 and 75 percent of nonmetro whites, aged, and people in married-couple households completely avoided poverty. In contrast, 62 percent of blacks and 59 percent of people in "other family" households (households not maintained by a married-couple family) lived in poverty at least 1 month. In addition, about one-fourth of nonmetro blacks and members of other family households were poor all 12 months.

The aged formed relatively large shares of the populations with no poverty and with 12 months of poverty, and smaller shares of the two intermediate groups. A large share of income for the nonmetro elderly comes from Social Security and other pension benefits, which can remain the same from month to month. As a result, if the elderly have poverty-level income, it tends to be at that level year round rather than for just a few months.

Whites, children, and married-couple households in poverty were more likely to experience periods of poverty between 4 and 11 months than the entire 12 months. All nonmetro groups were more likely to have 4–11 months of poverty than 1–3 months. The aged, black, and nonfamily households were far more common among the 12-month poor than among those with 4–11 months of poverty. In addition, a much larger portion of the 12-month poor belonged to other family households, particularly those headed by women.

A major focus of the current welfare system is families with dependent children, primarily single-parent families. Aid to Families with Dependent Children (AFDC) specifically targets these families, and AFDC households are also automatically eligible for food stamps and Medicaid. This focus seems reasonable, given the severity of poverty among these households. Because a small proportion of the nonmetro population is black (9 percent) or lives in other family households (14 percent), the majority of nonmetro poor are not black and do not live in single-parent households. When devising strategies to reduce nonmetro poverty, policymakers need to remember these other poor.

Source: Hoppe, R., 1989, Short-term poor need help, too, *Rural Development Perspectives* 6(*1*):8-12, U.S. Department of Agriculture, Economic Research Service.

Trends in Children's Median Family Income[1]

Annual data from the March Current Population Survey were used to determine trends in work patterns and composition of families with children, and children's median family income. Two major changes in the family situation of children since 1974 have been the increasing proportion who are living in dual-worker families (families with both parents employed) and the increasing proportion living in single-parent families. These developments occurred as the decline in the number of children living in "traditional" families (two-parent families in which only the father is employed) was observed.

In March 1988, 24.9 million children under the age of 18 lived in dual-worker families. These children accounted for 43 percent of the total in families (table 1). Just 13 years earlier, children in such families numbered 18.9 million and constituted barely 30 percent of the Nation's children. Meanwhile, the number in "traditional" families fell from about 29 million (46 percent of all children) to fewer than 17 million (29 percent of children). The growth in the proportion of children living in single-parent families has not been as dramatic as the shift from "traditional" to dual-worker families. In 1975, 16 percent of children under 18 lived in single-parent families; by 1988 the proportion was 22 percent. The overwhelming majority of these children lived with their mothers, but a growing segment lived with their fathers.

Because mothers with school-age children are far more likely to be in the labor force than mothers of preschoolers, a higher proportion of school-age children than children under 6 are in dual-worker families. Nonetheless, both proportions have increased sharply since 1975 – from 32 to 45 percent of the school-age children and from 23 to 39 percent of the preschoolers. In single-parent families, proportions of both preschool- and school-age children with an employed parent rose between 1975 and 1988 – from 39 to 44 percent of children under 6 and from 53 to 62 percent of children 6 to 17 years old. These percentages, however, were far below those for children of similar ages living in married-couple families.

To the extent that real income measures economic well-being, there was little overall improvement in children's welfare between 1974 and 1987 (table 2, p. 26). In fact, real family income declined, on average, in the early 1980's. However, as the economy recovered from the recession of the early 1980's, family income began rising so that by 1987 some children (those in two-parent families) were in families with median incomes that were equal to, or slightly above, their 1974 levels.

In 1974 children in dual-worker families had a real household income (in 1987 dollars) of $37,860. From 1974 to 1979, the median edged upward to $38,808. Under the pressure of recession, the median fell to $36,620 between 1979 and 1983. During the period following 1983, as the economy rebounded, the median for these children reached $40,890 in 1987. Children in "traditional" families experienced less variation in family income over the period. In 1974 median real

Table 1. Family characteristics of children under 18 years

Year	Two-parent families			Single-parent families
	Traditional[1]	Dual-worker[2]	Other[3]	
	Percent			
1975	46.2	29.7	8.2	15.9
1976	44.3	31.3	8.0	16.4
1977	43.0	33.2	6.8	17.0
1978	40.7	34.8	6.2	18.3
1979	39.5	36.2	5.9	18.4
1980	37.1	36.5	7.0	19.4
1981	36.3	36.8	7.3	19.6
1982	35.0	35.7	8.7	20.6
1983	34.0	35.4	10.0	20.6
1984	33.2	37.8	8.1	20.9
1985	31.5	39.5	7.3	21.7
1986	31.1	39.5	7.7	21.7
1987	28.8	41.9	7.1	22.2
1988	28.6	42.6	6.4	22.4

[1]Father employed, mother not employed.
[2]Father and mother employed.
[3]Neither parent employed, or only mother employed.

Source: Hayghe, H.V., 1989, Children in 2-worker families and real family income, *Monthly Labor Review* 112(*12*):48-52, U.S. Department of Labor, Bureau of Labor Statistics.

[1]The measure of income used is the median family income of *children*. This median is based on the frequency distribution of *children* by family income. Because many families contain more than one child (in March 1988, 58.4 million children lived in 32.3 million families), the frequency distribution of *children* by family income differs from that of *families with children*. In the distribution of *families*, the income of each family unit is represented only once. However, in a distribution of *children* by their families' income, the income of family units can be represented more than once, depending on the number of children in each family. As a result, the dollar value of *children's* family income (about $30,000 in 1987) differs somewhat from that of *families with children* (about $30,720).

Table 2. Median family income for children under 18 years by family characteristics, in constant 1987 dollars

Year	Two-parent families		Families maintained by women[3]
	Traditional[1]	Dual-worker[2]	
1974	$31,402	$37,860	$11,116
1975	30,319	36,482	10,754
1976	31,308	37,020	11,243
1977	31,959	37,309	11,257
1978	32,109	38,570	10,927
1979	32,558	38,808	11,346
1980	30,746	38,258	10,567
1981	29,909	38,136	10,439
1982	29,847	37,140	9,400
1983	28,865	36,620	9,065
1984	30,065	37,969	9,206
1985	30,500	38,811	8,993
1986	31,656	39,814	8,946
1987	31,652	40,890	9,007

[1]Father employed, mother not employed.
[2]Father and mother employed.
[3]No spouse present.

Source: Hayghe, H.V., 1989, Children in 2-worker families and real family income, *Monthly Labor Review* 112(*12*):48-52, U.S. Department of Labor, Bureau of Labor Statistics.

household income for children in "traditional" families was $31,400; 13 years later, it was only $250 greater, although a high of $32,600 had been reached in 1979.

Children in single-parent families maintained by women were not as fortunate as those in two-parent families. The families of these children (with a median income that was far less than that of two-parent families) did not participate in the post-1983 recovery experienced by children in two-parent families. Between 1974 and 1979, median real household income for female-headed families was fairly stable at around $11,000 a year. Yet, from 1980 to 1983, the median fell to about $9,000, where it has remained.

Changes in the composition of families maintained by women explain, in part, why children in these families did not participate in the economic expansion of the 1980's. Since 1975 the proportion of these families in which the householder never married grew from about 13 percent to 21 percent. These women are typically very young and have completed relatively few years of schooling; thus, they are not likely to possess the skills and experience necessary to obtain a well-paying job. In addition, the proportion of such families that were Black or Hispanic rose between 1974 and 1987. Black and Hispanic single mothers typically experienced labor market difficulties and, consequently, low median income.

Source: Hayghe, H.V., 1989, Children in 2-worker families and real family income, *Monthly Labor Review* 112(*12*):48-52, U.S. Department of Labor, Bureau of Labor Statistics.

Recent Legislation Affecting Families

Public Law 101-254 – the Library Services and Construction Act Amendments of 1990 authorize funds through the close of fiscal year 1994 to carry out programs under the Library Services and Construction Act, the largest Federal library program. Included are funds for programs to promote literacy and to make library services available to persons with special needs, such as the physically handicapped, the elderly, and the illiterate. Among the provisions of the bill are funds to:

(1) assist libraries in developing intergenerational programs that will match older adult volunteers interested in developing literacy and reading skills among unsupervised school children during after-school hours;

(2) assist libraries in providing mobile services and programs to child care providers or child care centers that are licensed or certified by the State, or that otherwise meet the requirements of State law;

(3) establish and support model library literacy centers to reduce the number of functionally illiterate individuals and to help them reach full employment;

(4) assist libraries in providing and displaying educational materials and conducting communitywide programs aimed at preventing and eliminating drug abuse.

Recipients of funds under this Act are encouraged to address preservation needs in order to protect endangered materials.

Enacted March 15, 1990.

Public Law 101-305 – the 1992 National Assessment of Chapter 1 Act requires the Secretary of Education to conduct a comprehensive national assessment of programs carried out with assistance under Chapter 1 of the Elementary and Secondary Education Act of 1965. The assessment, to be completed in 1992, will be planned, reviewed, and conducted in consultation with an independent panel of researchers, State practitioners, local practitioners, and other appropriate individuals. The Act will ensure that there will be a full and accurate report, which will enable members of Congress to deliberate more effectively in anticipation of the 1993 reauthorization. Chapter 1, Financial Assistance to Meet Special Education Needs of Children, is the largest Federal elementary and secondary education program. The law requires local school districts and, if necessary, State educational agencies to provide technical assistance to schools showing no improvement or a continued decline in the achievement of their Chapter 1 children. The law includes provisions for schoolwide projects, designed to improve the educational climate in schools with large numbers of disadvantaged children.

Enacted May 30, 1990.

Public Law 101-336 – the Americans with Disabilities Act provides sweeping protections against discrimination to 43 million disabled individuals. An "individual with a disability" is defined as a person who has a physical or mental impairment that substantially limits one or more major life activities, has a record of such an impairment, or is regarded as having such an impairment. The bill makes it unlawful for an employer with 15 or more employees to discriminate against a qualified disabled person in matters related to hiring, advancing, training, compensating, discharging, or other conditions and privileges of employment. The Act requires new buses and trains to be accessible to the disabled. It also requires each telecommunications common carrier to establish a relay system to facilitate communications between hearing-impaired individuals who use telecommunications devices for the deaf (TDD's) and persons with normal hearing. The Federal Communications Commission would coordinate the systems to provide for interstate transmissions.

Enacted July 26, 1990.

Current Regional Research Project

S-206. Determinants and Outcomes of Household Time Use

Administrative advisor:
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Cooperating States: University of Georgia, Louisiana State University, Cornell University (New York), Ohio State University, Utah State University, University of Utah, Virginia Polytechnic Institute and State University, and University of Wisconsin

Project dates: October 1985 to September 1990

Objectives: (1) To analyze variations in time use by individual family members, shared time, and time sequency according to sociodemographic and technological variables. (2) To study management activities in household time use, including goals, responsibilities, standards, and satisfaction with progress toward goal achievement. (3) To measure and value input/output relationships in household production, including development of human capital and total economic value of household production.

Approach: Statistical analyses of data from the NE-113 Interstate Regional Research project, the University of Michigan Survey Research Center's Panel Study of Income Dynamics and Time Use Longitudinal Panel Study, and a new sample of families in Utah and Virginia were conducted. Areas of focus included (1) comparisons of time use in households with non-employed and employed homemakers, (2) differences in time-use patterns between two-parent and one-parent households, (3) periods of interaction between parent and child or spouses, and (4) changes in time use over a 10-year period.

Progress: Several manuscripts from this project were published in two special theme issues of *Lifestyles: Family and Economic Issues*. Data were used to update estimates of the monetary value of time spent in household production. Leisure time of spouses was studied to determine the effect of having a baby on non-work activities. A research report comparing 1977–78 and 1987–88 time-use findings was completed. A second report comparing time use in two-parent and one-parent households was initiated. Articles reporting time allocations by children in one- and two-parent situations, shifts in the division of household work between spouses over time, and trade-offs parents make between time spent with children and money spent on children were accepted for publication or published. A book chapter was prepared on "Household Decision-Making and Planning: The Economics of Resource Allocation Among Family Members."

Findings: Related to family structure, i.e., one- or two-parent families:

- Women who divorced increased hours of work prior to divorce; women who remarried decreased hours of work.
- Family structure affected time in household work but not market work or leisure activities.
- No differences in time allocation by the older of two children for household work, school, and recreation.
- Female children living with a single parent spend less time than other children in school-related activities.

Related to changes in time-use patterns over a 10-year period:

- Homemakers increased time in paid employment and decreased time in household work and personal care.
- Husband's time in household work increased 1/2 hour per day.
- Spouses and children increased their time in shopping and care of other family members.
- Men increased their participation in child care and food preparation, especially during weekends.

Selected publications:

Bryant, W.K. and Y. Wang. 1990. Time together, time apart: An analysis of wives' solitary time and shared time with spouses. *Lifestyles* 11(*1*):89-119.

Douthitt, R.A. and J.M. Fedyk. 1990. Family composition, parental time, and market goods: Life cycle trade-offs. *The Journal of Consumer Affairs* 24(*1*):110-133.

Douthitt, R.A., C.D. Zick, and J.L. McCullough. 1990. The role of economic and demographic factors in explaining time-use of single and married mothers. *Lifestyles* 11(*1*): 23-51.

Gerner, J.L., C.P. Montalto, and W.K. Bryant. 1990. Work patterns and marital status changes. *Lifestyles* 11(*1*):7-21.

Key, R.J. and M.M. Sanik. 1990. The effect of homemaker's employment status on children's time allocation in single- and two-parent families. *Lifestyles* 11(*1*):71-88.

Mauldin, T. and C.B. Meeks. 1990. Time allocation of one- and two-parent mothers. *Lifestyles* 11(*1*): 53-69.

Cost of Food at Home

Cost of food at home estimated for food plans at four cost levels, September 1990, U.S. average[1]

Sex–age group	Cost for 1 week				Cost for 1 month			
	Thrifty plan	Low-cost plan	Moderate-cost plan	Liberal plan	Thrifty plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES								
Family of 2:[2]								
20 - 50 years	$47.70	$60.00	$73.90	$91.60	$206.60	$260.00	$320.40	$397.00
51 years and over	45.20	57.60	70.90	84.80	196.00	249.90	307.70	367.70
Family of 4:								
Couple, 20 - 50 years and children—								
1 - 2 and 3 - 5 years	69.70	86.50	105.70	129.60	301.70	375.40	457.90	561.40
6 - 8 and 9 - 11 years	79.70	101.70	127.10	152.90	345.20	440.80	550.90	662.40
INDIVIDUALS[3]								
Child:								
1 - 2 years	12.70	15.30	17.90	21.60	54.90	66.50	77.40	93.50
3 - 5 years	13.60	16.70	20.60	24.70	59.00	72.50	89.20	107.00
6 - 8 years	16.60	22.10	27.70	32.20	71.90	95.70	119.90	139.60
9 - 11 years	19.70	25.10	32.20	37.40	85.50	108.70	139.70	161.90
Male:								
12 - 14 years	20.50	28.40	35.50	41.60	88.90	123.20	153.70	180.30
15 - 19 years	21.30	29.40	36.50	42.30	92.50	127.40	158.10	183.20
20 - 50 years	22.80	29.00	36.30	43.80	98.60	125.80	157.20	189.90
51 years and over	20.70	27.60	33.90	40.60	89.80	119.60	147.10	176.10
Female:								
12 - 19 years	20.70	24.60	29.80	36.00	89.60	106.70	129.20	156.10
20 - 50 years	20.60	25.50	30.90	39.50	89.20	110.60	134.10	171.00
51 years and over	20.40	24.80	30.60	36.50	88.40	107.60	132.60	158.20

[1]Assumes that food for all meals and snacks is purchased at the store and prepared at home. Estimates for the thrifty food plan were computed from quantities of foods published in *Family Economics Review* 1984(*1*). Estimates for the other plans were computed from quantities of foods published in *Family Economics Review* 1983(2). The costs of the food plans are estimated by updating prices paid by households surveyed in 1977–78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics, *CPI Detailed Report*, table 3, to estimate the costs for the food plans.

[2]Ten percent added for family size adjustment. See footnote 3.

[3]The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person—add 20 percent; 2-person—add 10 percent; 3-person—add 5 percent; 5- or 6-person—subtract 5 percent; 7- or more-person—subtract 10 percent.

Consumer Prices

Consumer Price Index for all urban consumers [1982-84 = 100]

Group	Unadjusted indexes			
	September 1990	August 1990	July 1990	September 1989
All items	132.7	131.6	130.4	125.0
Food	133.2	132.9	132.7	126.1
Food at home	132.9	132.7	132.5	125.0
Food away from home	134.6	134.3	133.9	128.8
Housing	130.5	130.2	129.2	124.3
Shelter	142.3	142.4	141.1	134.1
Renters' costs[1]	148.9	150.7	148.7	139.4
Homeowners' costs[1]	147.0	146.5	145.4	138.9
Household insurance[1]	135.7	135.6	135.3	133.6
Maintenance and repairs	124.6	121.2	122.1	118.6
Maintenance and repair services	129.9	124.1	125.6	120.9
Maintenance and repair commodities	117.3	117.5	117.4	115.6
Fuel and other utilities	114.0	112.7	111.3	109.7
Fuel oil and other household fuel commodities	104.4	91.8	82.7	79.3
Gas (piped) and electricity	112.4	111.6	111.7	111.0
Household furnishings and operation	113.8	113.3	113.6	111.7
Housefurnishings	106.9	106.5	106.8	105.7
Housekeeping supplies	126.2	125.6	125.9	122.3
Housekeeping services	121.1	120.4	120.5	117.5
Apparel and upkeep	126.8	122.2	120.8	120.0
Apparel commodities	124.7	119.9	118.4	118.2
Men's and boys' apparel	121.7	119.3	118.6	117.7
Women's and girls' apparel	127.0	118.9	116.1	119.0
Infants' and toddlers' apparel	127.7	126.5	127.7	118.0
Footwear	118.6	116.3	116.1	114.1
Apparel services	138.7	138.2	136.8	129.7
Transportation	123.0	120.6	118.4	113.7
Private transportation	121.4	119.0	116.6	112.4
New vehicles	119.6	119.9	120.2	117.1
Used cars	118.3	118.3	118.2	119.8
Motor fuel	112.0	103.2	94.3	88.8
Automobile maintenance and repair	131.5	130.4	130.2	126.2
Other private transportation	143.0	142.4	142.1	135.7
Other private transportation commodities	102.2	102.2	101.7	102.0
Other private transportation services	152.0	151.3	151.0	142.9
Public transportation	144.0	141.9	141.6	130.1
Medical care	165.8	165.0	163.5	151.7
Medical care commodities	166.0	164.8	164.1	153.3
Medical care services	165.8	165.0	163.4	151.3
Professional medical services	158.2	157.8	157.0	148.0
Entertainment	134.1	133.0	132.7	127.8
Entertainment commodities	124.9	124.8	124.4	120.5
Entertainment services	145.5	143.6	143.3	137.2
Other goods and services	162.6	160.4	159.2	151.2
Personal care	131.3	130.6	130.6	125.9
Toilet goods and personal care appliances	128.8	128.1	128.4	124.0
Personal care services	133.9	133.3	132.9	127.7
Personal and educational expenses	175.1	171.2	168.9	162.9
School books and supplies	173.8	170.5	170.3	163.0
Personal and educational services	175.4	171.5	169.0	163.1

[1]Indexes on a December 1982 = 100 base.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

The Family Economics Research Group and the Family Economics Review would like to gratefully acknowledge the reviewers of manuscripts for 1990 issues:

David Arnaudo
Office of Child Support Enforcement
U.S. Department of Health and Human Services

Maureen Boyle
Bureau of Labor Statistics
U.S. Department of Labor

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U.S. Department of Energy

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Index of Articles in 1990 Issues

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Highlights

Unemployed Spouse: Family Income and Expenditures

Apparel Expenditures of Older Consumers